GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2569
ANSWERED ON:17.03.2017
Loan to Closed Airlines
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Will the Minister of FINANCE be pleased to state:

(a) the details of the losses suffered by the banks on account of default by shut down/closed airlines;
(b) whether the Debt Recovery Tribunal has issued an order for the said defaulters and if so, the details thereof;
(c) whether some senior bank officials were found in collusion with the said shut down/closed defaulters airlines;
(d) if so, the details thereof along with the action presently underway to recover the loans and punish those responsible for the losses;
(e) whether there are allegations of transfer of these loans to other entities both in the country and the abroad;
(f) if so, the details thereof and the corrective steps taken in this regard; and
(g) the instruments available and the steps taken to recover funds from defaulters who have held abroad?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) to (f): Public Sector Banks have reported loss of Rs.6,769 Cr. as on December 31, 2016 on account of default by shut down/closed airlines. Public Sector Banks (PSBs) take all efforts including sale of assets to recover their dues. The Loan resolution and recovery is guided by Reserve Bank of India (RBI) and Bank's Board approved policy.

Regarding, whenever any irregularities are found or observed on the part of bank officials, action is initiated by Banks as per their extant rules and commensurate punishment is awarded to delinquent employees based on the seriousness of wrongdoings as per Bank's disciplinary rules.

(g) Government has enacted Insolvency and Bankruptcy code (IBC) and amended Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI) and The Recovery of Debts due to Banks and Financial Institutions (RDDBFI) Act have been amended to improve resolution/recovery of bank loans. Six new Debt Recovery Tribunals (DRTs) have been established for improving recovery.
Further, RBI has taken a number of measures to improve the situation viz. Corporate Debt Restructuring (CDR), Formation of Joint Lenders' Forum (JLF), Flexible Structuring for long term project loans to Infrastructure and Core industries (5/25 Scheme), Strategic Debt Restructuring Scheme (SDR) and Sustainable Structuring of Stressed Assets (S4A).
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